



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, July 18, 2017

**Kiva Forum-City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: David Scholefield, Chairperson
Frank Ashmore
Linda Dillenbeck
Camille Hill
Carl Grupp
Robert McCreary
Ken McKenzie

STAFF: Karen Churchard
Steve Geiogamah
Anna Johnson
Jeff Nichols
Brent Stockwell

1. Call to Order/Roll Call

Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m., and noted the presence of a quorum. Chairperson Scholefield welcomed Commissioner McKenzie to the Commission. He noted the upcoming August 10, 2017 joint meeting between the Tourism Development Commission and the McDowell Sonoran Preserve Commission. Steve Geiogamah, Tourism Development Manager, added that the Commission's regular meeting is scheduled for August 15th. Commissioner McCreary announced that this is his next to last meeting on the Commission.

2. Approval of Minutes

- May 16, 2017
- June 20, 2017

Chairperson Scholefield asked Mr. Geiogamah to provide clarity as to the May 16th meeting minutes. Mr. Geiogamah said that at the last meeting, these minutes were approved with an amendment to page 3 under Matching Event Advertising Program. An amount of 2,000 was referenced and clarification was required as to whether this was a monetary amount or an attendance amount. The amount referred to attendance and the minutes are correct as they were presented.

COMMISSIONER HILL MOVED TO APPROVE THE MINUTES OF THE MAY 16, 2017 MINUTES AS PRESENTED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Chairperson Scholefield invited comments, questions or motion on the June 20, 2017 minutes. He offered a wordsmith clarification.

COMMISSIONER HILL MOVED TO APPROVE THE MINUTES OF THE JUNE 20, 2017 MINUTES AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Election of Vice-Chair

Steve Geiogamah, Tourism Development Manager opened the discussion for nominations.

COMMISSIONER GRUPP MOVED TO ELECT COMMISSIONER DILLENBECK AS THE VICE CHAIRPERSON. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER DILLENBECK ABSTAINED.

4. Tourism Related Project Evaluation Method

Mr. Geiogamah presented the results of the evaluation and thanked the Commissioners who participated. Four of seven Commissioners provided evaluations and feedback. Suggestions included identification of funding source allocations as well as an understanding of potential opportunity cost. The follow are the three top ranked projects:

1. Desert Discovery Center
2. WestWorld
3. Canal Convergence

Mr. Geiogamah invited comments and feedback from Commissioners as well as recommendations regarding the process. Commissioner Dillenbeck asked whether the version provided is the most current as opposed to what was included in the packet. Mr. Geiogamah said that the handout is the most recent version and matches the slides presented. In response to a question from Commissioner McCreary, Mr. Geiogamah confirmed that the feedback included a suggestion for inclusion of opportunity costs information in future evaluations. He added that this includes impacts of a decision on whether or not to proceed further. He affirmed Commissioner McCreary's understanding that another recommendation was that potential identification of funds be included in the evaluation in the future. Chairperson Scholefield summarized that the evaluation is not

an official vote, but more of an exercise. Any projects must come back to the Commission for official recommendation and approval.

Mr. Geiogamah invited any indication from the Commission to possibly adopt the criteria used in the evaluation, not related to the specific projects, but as a general tool. Chairperson Scholefield noted that some of the decisions are potential multimillion dollar projects that would require more information than a one-paragraph overview. Mr. Geiogamah agreed, noting that another comment received suggested including as much detailed information as possible. He would like to continue to revisit the format in the coming months, as it continues to be refined. Chairperson Scholefield suggested that staff incorporate the two points referenced earlier as well as a general overview of the detailed information to be provided, after which time it can be brought back to the Commission for reconsideration and/or approval.

5. Community Event Funding Program Process

Mr. Geiogamah stated that City Council approved the Community Event Funding Program on July 5th. Staff is revisiting aspects, based on event contracts brought forward last month, including the Parada del Sol Parade and the Scottsdale International Film Festival. Feedback from Commissioners has included the need for additional criteria to further evaluate this type of contract. City Staff and the Event Working Group used the Community Event Fund Program criteria, as most events that fit this type of program fit the qualifications of the Community Event Funding Program. Staff also worked with Commissioner Dillenbeck on identifying criteria. Staff is seeking a recommendation for the additional Community Event criteria for multiyear community events. The criteria includes three years and potential funding from \$30,000 to \$75,000.

Commissioner Dillenbeck said that during the Event Work Group, one of the questions addressed was the establishment of a separate category for funding, which would be classified as the historic event funding. To provide the criteria outlined, Mr. Geiogamah and his team indicated it would be quite difficult to make this happen quickly, particularly for this year. The hope is that an historic funding can be included next year for major events that need multiyear funding. As an interim step, they began with outlining the criteria, which is an addendum to the existing Community Event Fund.

Mr. Geiogamah stated that there are two main qualifying criteria. Event years in Scottsdale must exceed 40 years. An event must meet the criteria for community event funding, excluding seasonality and be at the maximum for the identified community event funding criteria. They must meet the maximum attendance level, maximum number of event days and event years. The requirements must be met in order to be considered for a potential contract to be brought forward to the Commission for recommendation. The proposal would be brought to the Commission, followed by recommendation to City Council. Chairperson Scholefield added that it was also discussed that an event could not be tagging onto another event. Mr. Geiogamah agreed, noting that this criteria is included the general Community Event Funding Program.

Chairperson Scholefield asked for clarification that events could not potentially receive funding from other City departments or funding sources within the city. Mr. Geiogamah

stated that funding from other bed tax programs, such as the matching event advertising fund program or new event development was not allowed, but nothing specifically related to other City departments or organizations.

Commissioner McKenzie posed the scenario where all criteria are met and asked whether the funding automatically goes from \$30,000 to \$75,000, or whether the amount can come down somewhere in between. Mr. Geiogamah said once qualified, potential benefits to the City would be reviewed related to the event. Staff will evaluate the funding proposal to ensure the City is receiving fair or substantially equal value. Amounts can vary within the range cited.

Commissioner Ashmore referred to the tiered structure for reimbursement and asked whether addendums can be made between the time of the agreement signing and the end of the term of the agreement. Mr. Geiogamah said he did not see an addendum related to the funding request. It is a possibility. Generally, after they qualify, the proposal would be considered, looking at indications of what the amount would be. Commissioner Ashmore said he would like to ensure that the funding terms are firm at the time of agreement. Mr. Geiogamah said that it is possible to add a provision that funding amounts remain firm, based on the Commission's wishes.

Commissioner Hill asked about the 40 year term. Mr. Geiogamah said that the evaluation was based on review of City Council approved general criteria already in place. Forty years was the maximum criteria level that Council approved on July 5th. The initial evaluation revealed a general grouping of events based on years. Staff identified 40 years as a threshold level. Approximately four or five events would meet the 40-year criteria including the Culinary Festival, Parada del Sol, Rodeo and Art Walk. Chairperson Scholefield added that once the event receives the funding, they still have to sign a contract and be able to deliver the value back to the City on a 1:1 ratio. Mr. Geiogamah added that funds will be presented in advance at 75 percent with the remaining 25 percent paid once all contract terms have been met. This is consistent with the Community Event Funding Program.

Commissioner Grupp said that the discussion had begun with Commissioner Dillenbeck talking about protecting historical event assets and that this would present a challenge. He noted the creation of a whole new program and questioned the need, rather than pursuing the historical events from the get-go. Mr. Geiogamah said that in reviewing events, Commissioners had expressed that criteria was needed. Staff felt the need to make an adjustment rather quickly. Creating a new program from scratch indicated by a different funding pool, objectives and criteria, could take many months. Staff felt this approach was a way to expedite the process by adding the additional criteria to be prepared for the upcoming fiscal year. If recommended by the Commission, staff will still need to take this to City Council for approval of the addendum to the program. Chairperson Scholefield added that criteria can be reevaluated at any time.

Commissioner Dillenbeck referred to item 5-A on the first page of the new criteria, which states, "Attendance must exceed 2,000 in the first year," and asked whether this statement would be adjusted in the qualifications. Mr. Geiogamah acknowledged that clarity will be required and that this can be evaluated and changed. Chairperson Scholefield sought clarification that if the Commission approved the additional criteria, it

would be presented to City Council. Mr. Geiogamah concurred, noting that it would be presented to City Council in August.

Commissioner Ashmore said that he supports the historic nature of some of the events. The criteria sets a tone for what the community can expect, including the consistency of having events in the community without groups having to come back each year asking for funding.

Mr. Geiogamah noted that staff received some feedback directly from Council when they presented the Community Event Funding Program. This is in line with Council's desire to provide support for these long term heritage events.

Chairperson Scholefield said that the Commission has offered some minor changes. He invited a motion to approve the Community Event Funding process as amended by the discussion today.

COMMISSIONER ASHMORE MOVED TO APPROVE THE COMMUNITY EVENT FUNDING PROCESS CRITERIA CHANGES AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ONE (1). COMMISSIONER HILL DISSENTED.

6. Event Funding Program Recommendations

Commission discussion and FY 2017/18 event funding recommendations:

- a. Scottsdale Philharmonic: \$17,000
- b. Desert Super Cup: \$5,000 (for field reimbursement)
- c. Dia de los Muertos: \$10,500 (not recommended)
- d. Arizona Fall Championship: \$19,500

Mr. Geiogamah stated that the four events have all been reviewed by the Event Working Group and recommendations are presented in the form of this list. The Community Event Work Group did not recommend approval of funding for Dia de los Muertos, based on event attendance being identified at 2,000 for a series of approximately seven events.

Commissioner Grupp asked whether it is clear in the criteria that the attendance must be at least 2,000 per event and not a combined total of 2,000. Mr. Geiogamah said that there could be additional clarity in terms of the application. This could be done administratively without major changes. Commissioner Ashmore said that in the spirit of what was said about Dia de los Muertos, the same will have to be done with Scottsdale Philharmonic, which features five events with 9,000 people in attendance. Mr. Geiogamah said that the Event Working Group discussed this issue related to the size of the venue. Chairperson Scholefield called for a motion to accept the event funding recommendations from the Event Working Group and City Staff as presented.

COMMISSIONER MCKENZIE MOVED TO ACCEPT THE EVENT FUNDING RECOMMENDATIONS FROM THE EVENT WORKING GROUP AND CITY STAFF AS

PRESENTED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

Commissioner Grupp noted that the Philharmonic is playing at Scottsdale Bible Church and asked whether there was a facility downtown that could accommodate the event, such as the Center for the Arts. Mr. Geiogamah said another venue is possible. There may be a contractual relationship as a basis for why the event producer uses the church as the venue for the event. He is unaware of the selection process. Commissioner Hill surmised that the Center might not be large enough. Ms. Churchard concurred that the Center is not large enough.

7. Manager Reports

Staff presentation and Commission discussion of the following:

- a. Staff Bed-Tax Collection Report
- b. Staff Bed Tax Hotel Classification Report
- c. Bed Tax Proforma
- d. Smith Travel Report
- e. Program Updates
 1. STR regional profile
 2. Tourism budget update

Mr. Geiogamah said that the ProForma report includes highlighted amounts, which reflect any changes made. It is work in progress in regard to estimates for 17/18. There is still work to do in terms of updating anticipated expenses and revenue. He anticipates having this finalized in August for presentation.

The Star Regional Data Profile is a new element being brought to the manager's report on a monthly or quarterly basis. Staff has broken down the Downtown Scottsdale Trend Report, the Central Scottsdale Trend Report and Northern Scottsdale Trend Reports utilizing general indicators, such as number of rooms, average number of rooms in the area, room revenue for the Downtown. Staff continues to evaluate other potential indicators for consideration. Staff would like feedback from the Commission on whether they are heading in the right direction and whether additional profile data should be added related to the regions.

Chairperson Scholefield said that for clarification, the origination of the regional reports was because the City was going to be doing a Downtown analysis and it was important to have comparative geographic regions. Commissioner McKenzie referred to the cover page, which indicates May bed tax collections were up 31 percent, which seems like quite a high number. Mr. Geiogamah said the higher number has been encountered the past few months related to the change in the collection method.

Commissioner Grupp said the report was very helpful in terms of being able to look at the different centers within the community. He does not feel that additional data is needed and that it represents the core of what is needed. Commissioner Ashmore said that there are hotels that report total revenue aside from just rooms and it might be helpful to see the spend for the average guest.

Mr. Geiogamah asked about the Commission's desired reporting frequency. Chairperson Scholefield suggested a monthly report, especially if the Downtown report will be used for other purposes. Commissioner McCreary added that it would be helpful to know what is happening with the hotels in the Downtown Tempe area as a comparison to events occurring in Downtown Scottsdale. Mr. Geiogamah said this may require the creation of another report, as surrounding communities are not in the current market area.

Chairperson Scholefield asked for any comments about the proforma. Mr. Geiogamah noted that staff also has a tourism budget update following any other questions.

Chairperson Scholefield noted that this is the last year for the Museum of the West five-year donation. Mr. Geiogamah concurred. Chairperson Scholefield said that the Commission was previously advised that when City Council made a commitment for future funds in future years, all funds had to be listed in that one year. For instance, last year, \$800,000 was listed as the impact of the Museum of the West. He asked whether this is also true for other events, such as Fiesta Bowl 20-year agreement. Mr. Geiogamah said this was a decision made by the finance director at that time. Staff is still evaluating the proforma, working with financial services. They may not proceed in that direction, as it was a decision made related to capital projects. He agreed to work on providing clarification on this issue.

Ms. Churchard said that last year, the TDC and the City Council approved a \$745,000 allocation for the Tourism Strategic Plan year four, which was just completed. As it is the end of the fiscal year, she wanted to provide an overview of what has been spent. The entire \$745,000 was not spent and will be forwarded into Fiscal Year 17/18. Current projects include the brand website redevelopment and potential advertising for downtown. Staff is working with ad agency, Hapi. The research portion is complete and now moving into development of a logo for Downtown. The current logo was designed 10 to 15 years ago. Downtown promotions also took place. Scottsdazzle was not included in the \$745,000. There was a prior allocation of \$300,000 for that event. Investment was made in Western Week in terms of adding event activation as well as a look and feel logo, micro-site website and advertising buys for Western Week. Numbers were up for all three major events that were promoted, including Art Walk Gold Palette, Hashknife Pony Express and Parada del Sol. There was a minimal media buy for Spring Training to promote not just Spring Training in general, but several events and activities during the month, including the Libraries Ultimate Play Date, Spring Training Festival and gallery exhibit in the main library. A Big Idea Event was originally budgeted. At the December Task Force meeting, it was recommended and voted by the Task Force that the money be utilized to extend the Holly Street Public Space Connectivity Plan.

Commissioner Ashmore referred to carried forward accruals and asked whether funds would be allocated forward as is or shuffled, based on where ROI benefits were identified. Ms. Churchard said that this is in process at this time. However a large portion of the funds will be set aside for Downtown branding. The rest will be fractioned out for Western Week and Spring Training. There is not a recommendation to fund the Spring Training Festival moving forward. There will also not be an exhibit in the library.

Chairperson Scholefield referred to the horizontal chart, noting there is a column for total cost proposed TDF and proposed GF/CIP. The chart indicates that these are subject to

revisions and approval by City Council. He asked about the anticipated timeline for approval of the 17/18 Capital Improvement Budget. Ms. Churchard noted that it has been approved.

8. Public Comment

There were no comments.

9. Identification of Future Agenda Items

Mr. Geiogamah identified the continuation of evaluating the capital project evaluation tool and taking comments and recommendations brought forward today as well as discussion of potential events moving forward. Chairperson Scholefield added that Brent Stockwell had previously indicated he would like to come back sometime in the fall with regard to the bed tax stabilization discussion. Mr. Stockwell said this was actually item number four. Staff will continue to develop this through the fall and will bring it back to the Commission when it appropriate to talk about the reserve.

10. Adjournment

The meeting adjourned at 8:44 a.m.

SUBMITTED BY:

eScribers, LLC